

Message Text

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ACTION EUR-25

INFO OCT-01 IO-14 ISO-00 EURE-00 SAJ-01 SWF-02 AID-20

CEA-02 CIAE-00 COME-00 EB-11 FRB-02 INR-10 NSAE-00

RSC-01 CIEP-02 SP-03 STR-08 TRSE-00 LAB-06 SIL-01

SAM-01 OMB-01 SS-20 NSC-07 INT-08 FEAE-00 SCI-06

AGR-20 DRC-01 /173 W

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P R 041916Z JUN 74

FM AMEMBASSY PARIS

TO SECSTATE WASHDC PRIORITY 9642

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY ROME

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E.O. 11652: N/A

TAGS:

SUBJECT: GISCARD-SCHMIDT TALKS

REF: PARIS 13287

1. FOLLOWING FINAL MEETING WITH CHANCELLOR SCHMIDT ON
JUNE 1, GISCARD STRESSED THE CORDIAL NATURE OF TALKS AND
REFERRED TO SIMILARITY OF VIEWS BETWEEN PARIS AND BONN
AS FAR AS EUROPEAN PROBLEMS ARE CONCERNED. HE CONTINUED,
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"WE FELT FIRST OF ALL THAT IT IS NECESSARY TO PRESERVE

WHAT WE HAVE ACHIEVED, EVERYTHING THAT WE HAVE BROUGHT INTO BEING AS FAR AS THE CONSTRUCTION OF EUROPE, AND TO BRING A HALT TO THE PROCESS OF DISINTEGRATION. IT IS IN RETURNING FIRST OF ALL TO STABILITY OF THE INTERNAL ECONOMIES THAT WE CAN RE-ESTABLISH THE EQUILIBRIUM THAT HAS BEEN SHAKEN IN EUROPE AS A RESULT OF THE EVENTS OF LAST AUTUMN. IT IS BY A RETURN OF INTERNAL STABILITY AND NOT BY PROTECTIONIST MEASURES THAT EQUILIBRIUM MUST BE RE-ESTABLISHED."

2. "I POINTED OUT TO CHANCELLOR SCHMIDT, THAT, IN RE-ESTABLISHING EQUILIBRIUM IN OUR BALANCE OF TRADE, FRANCE WILL NOT RESORT TO ANY KIND OF PROTECTIONIST MEASURES AND THAT WE WILL UTILIZE ONLY INTERNAL ADJUSTMENT TECHNIQUES. I HAVE SAID THIS ALREADY AS PRECISELY AS POSSIBLE AND I RECONFIRM IT BEFORE YOU NOW."

3. FOLLOWING THE FIRST MEETING WITH SCHMIDT ON 31 MAY, GISCARD STATED THAT FRANCE "DID NOT NEED ANY EXTERNAL AID. FRANCE HAS THE MEANS TO SOLVE ITS PROBLEM BY ITSELF AND THIS IS WHAT WE INTEND TO DO."

4. IN HIS CLOSING STATEMENT, GISCARD ALSO SAID "THE COMMUNITY MUST RE-AFFIRM ITS PERSONALITY AND ITS COHESIVENESS. THE CONSTRUCTION OF EUROPE, THE GUARANTEE OF PEACE AND PROSPERITY FOR THE WHOLE WORLD, MUST BE THE FUNDAMENTAL OBJECTIVE OF BOTH GOVERNMENTS." HE THEN ADDED THAT IT WAS NOT ENOUGH TO MAINTAIN THE GAINS ALREADY MADE BY THE COMMUNITY, BUT "IN ORDER TO AVOID REGRESSION, IT IS NECESSARY TO MOVE FORWARD."

COMMENT: THE DISPLAY OF FRANCO-GERMAN UNDERSTANDING AND CORDIALITY EMANATING FROM THE TALKS AS WELL AS THE EXPRESSION OF FAITH IN EC INSTITUTIONS WILL SERVE TO IMPROVE THE ATMOSPHERE BEFORE THE TOUGH ROUND OF EC MINISTERIAL TALKS ON ISSUES SUCH AS THE UK RENEGOTIATIONS AND TALIAN IMPORT DEPOSIT SCHEME GETS UNDERWAY. IT IS EVIDENT THAT GISCARD IS ATTEMPTING TO SEIZE THE INITIATIVE TO GET EC BACK ON THE TRACK AND TO PREVENT ANY FURTHER UNRAVELLING OF THE COMMUNITY IN WHICH FRANCE HAS LIMITED OFFICIAL USE

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INFO OCT-01 IO-14 ISO-00 EURE-00 SAJ-01 SWF-02 AID-20

CEA-02 CIAE-00 COME-00 EB-11 FRB-02 INR-10 NSAE-00

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FM AMEMBASSY PARIS

TO SECSTATE WASHDC PRIORITY 9643

INFO AMEMBASSY BONN

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REPOSED SUCH A LARGE SHARE OF ITS ECONOMIC INTERESTS.

IN COMMENTING ON GISCARD STATEMENT THAT IT IS NECESSARY
TO MOVE FORWARD TO DEVELOP EC FURTHER IF REGRESSIO
IS TO BE AVOIDED, FOR MIN OFFICIAL SAID GOF HAS NOT COME
UP WITH ANY SPECIFIC PROPOSALS AS YET. HE SAID:HOWEVER
THAT GOF IS THINKING IN TERMS OF CONCRETE, RELATIVELY
MODEST STEPS RATHER THAN MAJOR INITIATIVES OR GENERAL
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DECLARATIONS OF GOALS ALONG LINES OF COPENHAGEN SUMMIT MEETING. ONE SUCH PROPOSAL, ALREADY UNDER EC CONSIDERATION, IS PLAN TO REVALUE GOLD.

HOWEVER, IT IS CLEAR THAT MOST SIGNIFICANT ASPECT OF COMMENTS BY GISCARD, AND ONE OF MOST ENCOURAGING SIGNS IN PRESENT EC CRISIS, IS UNEQUIVOCAL ANTI-PROTECTIONIST POSITION HE ASSUMED. HE IS NOW SOLIDLY ON RECORD AS ADVOCATE OF MEASURES WHICH WILL NOT BRING ABOUT RETALIATION AND FURTHER DETERIORATION OF TRADING SYSTEM. THESE "DOMESTIC" MEASURES WILL BE ANNOUNCED JUNE 12 AND ACCORDING TO PRESS, WILL INVOLVE CREDIT, FISCAL POLICIES TO CONTROL INFLATION AND STRENGTHEN FRENCH BALANCE OF PAYMENTS POSITION.

GISCARD'S POSITION IS STRONGLY SUPPORTED BY PATRONAT WHOSE DIRECTOR OF INTERNATIONAL RELATIONS TOLD US TODAY PATRONAT WOULD BE STRONGLY OPPOSED TO ADOPTION OF PROTECTIONIST MEASURES BY GOF. HE SAID PATRONAT FIRMLY COMMITTED TO LIBERAL EXPORT ORIENTED TRADE POLICIES AND BELIEVED PROTECTIONIST MEASURES WOULD HURT RATHER THAN HELP FRENCH BUSINESS.

IRWIN

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